

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2646-01
Bill No.: HB 1324
Subject: Department of Social Services
Type: Original
Date: April 10, 2015

Bill Summary: This proposal establishes the Human Investment Commission.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Total Estimated Net Effect on General Revenue	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Oversight assumes the activities of the Human Investment Commission (Commission) may have a minor impact on the Department of Social Services (DSS). The proposal provides that the commission shall be staffed by DSS personnel as deemed necessary to assist the commission in the performance of its duties. Oversight assumes an impact of less than \$100,000 annually to the General Revenue Fund to cover DSS personnel time and reimbursement for actual and necessary expenses incurred by Commission members in the performance of their official duties.

Officials from the **Office of the Governor (GOV)** state section 660.755 establishes the Human Investment Commission which consists of eight (8) gubernatorial appointees. There should be no added cost to the GOV as a result of this measure. However, if additional duties are placed on the office related to appointments in other Truly Agreed To and Finally Passed (TAFP) legislation, there may be the need for additional staff resources in future years.

Officials from the **Office of Administration, Commissioner's Office** state given the limited impact on the Commissioner's Office, it is assumed that the costs of membership and the production of the annual report can be absorbed with existing resources.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the proposal will result in insignificant costs to their organization.

Officials from the **Department of Corrections, the Office of Administration, Division of Budget and Planning** and the **Office of State Treasurer** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Costs - DSS</u>			
DSS staff time and reimbursement of Commission expenses	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2016 (10 Mo.)	 FY 2017	 FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal creates the Human Investment Commission within the Department of Social Services and instructs the department through the Human Investment Commission, to conduct a feasibility study into the utility and cost of developing and using social impact bonds. The commission must include two members of the House of Representatives, one appointed by the Speaker of the House and the other by the Minority Floor Leader. The remaining member appointments are specified in the proposal and a majority of the members will make a quorum.

The commission will be responsible for: (1) Researching the Pay for Success federal program and similar state program to determine whether a similar program would be beneficial to Missouri; (2) Determining whether social impact bonds are a beneficial financial tool for Missouri; (3) Determining whether social impact bond agreements would use public resources more efficiently and improve services for disadvantaged populations; (4) Identifying third party providers that create and implement prevention-based social service programs and service that

FISCAL DESCRIPTION (continued)

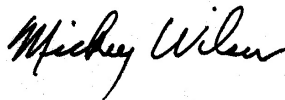
results in positive impacts for individuals and families that are cost beneficial and that efficiently utilize government resources; (5) Developing and approving metrics to evaluate the third party provider's fiscal impact and project efficacy; (6) Identifying third party evaluators to determine whether a social impact bond agreement has been successfully performed; and (7) Submitting a full report on social impact bonds to the General Assembly by January 30 of each year that the General Assembly convenes in regular session.

The provisions of this section will expire on January 30, 2020.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Corrections
Office of the Governor
Office of Administration -
 Division of Budget and Planning
 Commissioner's Office
Office of State Treasurer



Mickey Wilson, CPA
Director
April 10, 2015

Ross Strobe
Assistant Director
April 10, 2015